GOVERNMENT OF INDIA
LABOUR
LOK SABHA

STARRED QUESTION NO:60
ANSWERED ON:26.07.2000
EMPLOYEES PROVIDENT FUND
GADDE RAMAMOHAN;VENKATA KRISHNAM RAJU UPPALAPATI

Will the Minister of LABOUR be pleased to state:

(a) whether the Government propose to reduce the interest rate from 12 percent to 11 percent on E.P.F.;

(b) if so, the details thereof and the reasons therefor;

(c) the extent to which the reduction in interest rate is likely to affect resource mobilisation for pension payments and other welfare activities;

(d) whether the CITU and other unions have opposed this move of the Government;

(e) if so, the reaction of the Government thereto; and

(f) the manner in which the Government is likely to meet the situation?

Answer

MINISTER OF LABOUR (DR. SATYANARAYAN JATIYA)

(a) to (f) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (F) OF THE LOK SABHA STARRED QUESTION NO. 60 FOR 26.07.2000 REGARDING EMPLOYEES` PROVIDENT FUND.

(a) & (b): Keeping in view the decline in average income of the Fund From April 2000 onwards and general reduction in interest rates, the Government has since decided to reduce rate of interest on employees; provident fund (EPF) from 12% to 11% for the year 2000-01. However, in respect of the employees who retired during April - June, 2000, over-payment on account of 12% interest on monthly balances of April - June, 2000 has been condoned/written off.

(c): Interest on EPF is credited in the accounts of the subscribers and as such, reduction in rate of interest on PF is unlikely to have any effect on resource mobilization for pension payments and other activities of the EPF Organization.

(d): Yes, Sir.

(e) & (f): As average earning of the Employees Provident Fund from April 2000 onwards is around 11% declaration of interest at the rate of 11% for EPF subscribers is considered adequate.